

4 December 2018

Tlou Energy Limited
("Tlou" or the "Company")

Top-hole drilling successfully completed at Lesedi

Tlou Energy Limited, the ASX, AIM and BSE listed company focused on developing gas-to-power projects in southern Africa using coal bed methane ("CBM") natural gas from its field in Botswana, is pleased to provide an update on drilling operations at the Lesedi CBM Project.

Key Points:

- **Top-hole drilling for both lateral and vertical sections for production pods 'Lesedi 3', 'Lesedi 4' and top-hole drilling for the optional production pod 'Lesedi 5' have been completed successfully;**
- **Project is on time and in line with budget;**
- **Preparations for drilling the lateral well section of 'Lesedi 3A and 3B' and 'Lesedi 4A and 4B' have commenced with the program set to continue into early 2019.**

Drilling operations update

The Company is pleased to announce that drilling of the top-hole sections for both the vertical and lateral wells at the Lesedi CBM Project has been completed successfully and is in line with budget. Preparations for drilling of the lateral wells for Lesedi 3 and 4 have commenced with the program set to continue into early 2019

These wells are being drilled in the area proposed for initial project development and are aimed at confirming the gas flow rate in this area prior to commencement of development operations.

Tlou Managing Director Tony Gilby said "The drilling operations have progressed extremely well, and I would like to thank all our field staff for their excellent work to get to this stage. I look forward to the drilling of the lateral sections of Lesedi 3 and Lesedi 4 followed by commencement of production testing operations in early 2019. We will keep the market informed as we continue to progress the program."

Background to the drilling program

Tlou Energy Limited is drilling pilot production wells at the Lesedi CBM Project ('Lesedi') in Botswana. If successful, these wells will form part of the Company's initial gas-to-power project which will include installation of transmission lines and grid connection. The wells are located in close proximity to the Company's planned central processing facility.

The wells are being drilled as ‘dual lateral pods’, comprising a single vertical production well, intersected by two lateral (or horizontal) wells. The lateral wells will be drilled through the gassy coal seam, with gas extracted from this coal produced through the vertical production well where it can be gathered and used for power generation. Up to three pods are planned. Pod one is designated ‘Lesedi 3’ and comprises a vertical production well (‘Lesedi 3P’) and two lateral wells (‘Lesedi 3A’ & ‘Lesedi 3B’). Pod two is designated ‘Lesedi 4’ and pod three is designated ‘Lesedi 5’.

Once all six wells for Lesedi 3 and Lesedi 4 have been drilled, these pods will be completed using a separate workover rig and surface production facilities will be installed. Vertical and lateral sections for Lesedi 5 are optional and will be completed subject to results from Lesedi 3 and 4.

Following installation of surface production facilities, completed wells will then begin production testing to de-water and lower the pressure in the coal seam to achieve gas flow.



Well logging equipment on-site at Tlou Energy’s Lesedi CBM Project, Botswana – November 2018

Other

In October 2018 the Company submitted a response to a 100MW CBM Request for Proposal from the Government of Botswana, as outlined in the market announcement on 10 October 2018. The Company is awaiting feedback in relation to this and looks forward to providing an update to the market as soon as possible.

In addition, Prospecting Licences PL 035/2000 and PL 037/2000 were renewed during November 2018. These licences are current until 30 September 2020.

For further information regarding this announcement please contact:



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Company Information

Tlou Energy is focused on delivering Gas-to-Power solutions in Botswana and southern Africa to alleviate some of the chronic power shortage in the region. Tlou is developing projects using coal bed methane (“CBM”) natural gas. Botswana has a significant energy shortage and generally relies on expensive imported power and diesel generation to fulfil its power requirements. As 100% owner of the most advanced gas project in the country, the Lesedi CBM Project, Tlou Energy provides investors with access to a compelling opportunity using domestic gas to produce power and displace expensive diesel and imported power.

The Company is listed on the Australian Securities Exchange, London’s AIM market and the Botswana Stock Exchange and is led by an experienced Board, management and advisory team including individuals with successful track records in the CBM industry.

Since establishment, the Company has significantly de-risked the project in consideration of its goal to become a significant gas-to-power producer. The Company flared its first gas in 2014, holds a Mining Licence and nine Prospecting Licences, covering an area of ~8,300Km² in total. The Lesedi and Mamba Projects already benefits from significant independently certified Contingent Gas Resources of ~3 trillion cubic feet (3C) and independently certified Gas Reserves of 41 billion cubic feet (2C) and ~426 billion cubic feet (3P).

The Company is planning an initial scalable gas-to-power project. Following successful implementation of this first scalable project, the Company looks forward to evaluating longer-term prospects for the delivery of electricity generated from CBM in Botswana to neighbouring countries.

